- implementing the project; various modalities for project funding; international dimensions that may be involved in some project components and cost recovery have also been discussed in Action Plan II.

(c) As per the preliminary estimate, the cost of this programme is about Rs. 5.6 lakh crore which spread over an implementation period of twelve years, works out to Rs. 46,000 crore per annum.

(d) The question of mobilization of resources for this mega project doesn't arise at this stage since Government under its Common Minimum Programme envisages a comprehensive review of the feasibility of linking of the rivers of the country.

Taxation on interest on NRI deposits

*29. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Internal Group constituted by RBI, recommended that interest income from NRI deposits be taxed like domestic deposits looking at the danger of excessive short-term debt in the fast changing global scenario;

(b) if so, the details of the recommendations of the Group; and

(c) what are the other major recommendations made by the Group?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir. The Internal Group on External Liabilities of Scheduled Commercial Banks, in its report submitted in April, 2004, has stated that in view of the comfortable forex reserves and improved inflows of NRI deposits, there is no need to give tax benefits for non-resident deposit schemes.

(b) and (c) The Group *inter-alia,* made the following recommendations:

- Reserve and liquidity requirement on NRI deposits may be left unaltered for the present.

- NRE savings deposit interest rate may be delinked from domestic savings deposit rate and may have the ceiling of one month—LIBOR/SWAP rates on US dollar deposits.
- The interest rate on NRE term deposits may be changed to LIBOR of the corresponding maturity.
- Acceptance of NRI deposits should be restricted to only Authorized Dealers.
- Non-resident Ordinary (NRO) deposits may have the nature of current/savings accounts only.
- The existing NRO term/recurring deposits may be allowed to be maintained till maturity.
- For better availability of export credit in foreign currency, the present ceiling on interest on such credit may be deregulated or raised.
- The interest income from NRI deposits may be made taxable on the lines of domestic deposits consistent with the current account convertibility.

Price hike by oil companies

†*30. SHRI RAVI SHANKAR PRASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government have recently allowed the oil companies to increase the prices of petroleum products;

(b) if so, whether Government had given consideration to the proposals to avoid the price hike before giving permission for such increase; and

(c) if so, the details in this regard?

†Original notice of the question was received in Hindi.